

## **OVERVIEW OF BID PROCESS FOR 1998 LANL MEDICAL PLAN OPTIONS**

There has been a great deal of concern expressed by LANL employees about the medical plan options available to them. Office of the President (OP) Benefits staff, OP Lab Coordination staff and LANL management staff are aware of these concerns and share them. In July 1996, OP staff began discussions with laboratory management to obtain specific input about community needs and develop strategies for addressing the majority of the issues. Clearly, not every issue could be resolved to everyone's satisfaction due to the diversity of opinions and the incompatibility of some positions. However, every effort was made to identify those issues and, where possible, respond to them. As can be seen in Attachment C, there were multiple meetings and discussions with lab employees, various interest groups, local community representatives (including providers), political representatives and lab management.

As a result of those meetings and discussions, it was agreed by OP staff and LANL management staff that we should rebid the medical plans to provide new health care plans beginning January 1, 1998. These bids would seek both an HMO plan and a Point-of-Service (POS) plan for LANL employees, retirees and family members.

The general time line for this bid process was as follows:

- February 4, 1997 - Request for proposal (RFP) issued to all eligible bidders
- March 5, 1997 - Bidder conference
- March 21, 1997 - Bidders must submit written response to RFP
- April 1997 - Consultants from Deloitte and Touche and staff from OP Benefits analyzed written responses from Blue Cross/Blue Shield-NM (BCBS-NM), Health Systems International (QualMed), Lovelace and Presbyterian.
- May 9, 1997 - OP Benefits, consultants and representatives for lab management conducted oral interviews with four bidders.
- May 13 and 14, 1997 - OP Benefits, consultants and representatives for lab management conducted site visits with the finalists: BCBS-NM and Presbyterian.
- May/July 1997 - Vendors' "last best offers" finalized.

Community input and consultation was extensive. OP-Benefits alone received approximately 1,000 pages of written correspondence. With the exception of a few group letters and those with no return address, all correspondence received written replies.

**REQUEST FOR PROPOSAL (RFP)** - In consultation with Lab management, OP-Benefits developed a detailed document which was based on community input. This document, in addition to describing benefits for an HMO plan and a Point-of-Service plan

option (and the corresponding programs for retirees with Medicare), addressed 367 specific questions covering areas such as administration, claims processes, financial aspects, quality assurance programs, and network issues.

Attachment A provides a cross-reference between major community input and the RFP.

When the RFP was issued, there were only five potential bidders for the program in New Mexico: Blue Cross/Blue Shield-NM (BCBS-NM), Health Systems International (H.S.I. or QualMed), Lovelace, Presbyterian and Prudential. Later, Prudential made a corporate decision to withdraw from the New Mexico marketplace. With the withdrawal of Prudential, the process of selecting new vendors was limited to only four bidders and had to be completed in time for the November 1997 open enrollment period or there would be no medical coverage for LANL employees and retirees on January 1, 1998.

**ANALYSIS OF WRITTEN VENDOR PROPOSALS** - Bidders had to meet the minimum requirements in Attachment B in order to be considered. Items marked “desirable” enhanced a vendor’s proposal, but would not serve to disqualify the vendor if not present. The four remaining NM vendors did meet these requirements so OP Benefits staff and consultants conducted an in-depth review of each of the four proposals in the areas of:

- customer service
- claims processing
- financial stability
- financial proposal
- network adequacy and management
- quality assurance programs
- information and customer service capabilities
- utilization management, referral processes, case management ability
- organizational structure and experience
- current and former clients of the vendors were contacted for reference checks

**ORAL INTERVIEWS** were conducted with all 4 bidders. Each interview was structured around a standard set of questions, with any necessary vendor-specific questions included. Interviews were for one and one-half hours each and covered the vendor’s views on health care issues in New Mexico and, particularly, in Los Alamos, customer service capability, systems and claims capability, care management. Any areas in the written RFP response which seemed unclear or contradictory were addressed in the interviews. Mike Baker and Rosella Gerst represented laboratory management during the interviews and Jeannette Harroun from OP-Lab Coordination also participated. OP, the consultants and lab management unanimously selected BCBS-NM and Presbyterian as finalists for site visits.

**SITE VISITS** - OP-Benefits and consultants, accompanied by Baker, Gerst and Harroun, traveled to vendor facilities in Albuquerque, NM for an onsite review of vendors' systems and capabilities for:

- claims processing, including input coding and analysis
- data collection and management
- eligibility processes
- hiring and training criteria for staff
- workflow management
- fiscal controls
- provider network management and ability to work with local providers
- utilization review, referral management
- case management
- customer service
- quality assurance programs

For this visit, consultants with special expertise in claims and utilization processes were added to the group.

Again, a standard set of over 190 questions were used to validate vendor strengths and weaknesses in care management and quality programs. Additional questions developed as reviewers met with staff who would support the 1998 plans and processes.

**LAST BEST OFFERS** - were requested from vendors. Areas included issues of pricing, performance guarantees (implementation, customer service, claims turnaround/accuracy, network management, employee satisfaction, HEDIS measures of preventive services), coverage for out-of-state and out-of-area employees/retirees. The finalists were asked for extensive additional analysis of network access and options for LANL retirees and employees living inside and outside of New Mexico.

In the interests of program stability, finalists were asked for 2<sup>nd</sup> and 3<sup>rd</sup> year caps on medical plan rate increases on a fully-insured program.

As a result of this intensive review process, for 1998, Blue Cross-Blue Shield-NM has been selected to offer fully-insured HMO and Point-Of-Service options to LANL employees and retirees.

Between now and the November open period, the lab and BCBS will be supplying additional information on the two plans and their benefits. Watch the lab's home page and your mailbox. The summary spreadsheets and booklets from BCBS are planned for mid-October. We will provide an initial set of provider directories to the lab Benefits Office and BCBS will keep them informed of updates to the directories.

## Attachment A

# Health Care Crosswalk

	<b>Issues</b>	<b>RFP</b>
1	Reduce cost of providing health care benefits (Lab)	3
2	People want an HMO (DOE)	3
3	Maximize dollars by using interest from employee contribution for health care (DOE)	Comment (UC's STIP)
4	Provide customer service and reimbursement process (Employees)	29, 30, 1PS
5	Timely reimbursements (Community & Health Care Providers)	49, 50, 53
6	Drugs by mail, negative impact upon small businesses (Community & Health Care Providers)	69, 70, 71, 72
7	More choice in terms of health insurance (Community & Health Care Providers)	3
8	Coverage area (Retirees)	4, 6, 14
9	Medicare (HW)	13, 67
10	Providers licensed to provide services in the state where they practice are acceptable to the plan (HW)	32
11	External appeals process (HW)	37#91, 78#30
12	Medicare reimbursement rate, minimum rate for services provided (rate shd/be higher) (HW)	67
13	Reimburse non-participating providers in accordance with out-of-area rates (80%) (HW)	14
14	Fee for service option coordinated with a catastrophic plan (HW)	55#173
15	Managed care option, catastrophic plan w/Medicare capability (HW)	67
16	One national option with consistent benefits across locations, Medicare lock-in capability (HW)	67
17	Out-of-area coverage (HW)	14, 29, 39
18	Priority referrals (HW)	37, 46#143
19	PCP referrals to specialists (HW)	34, 37, 46#140, 3PS
20	PCP referrals within 24 hours (HW)	37, 38
21	Standing referrals for chronic conditions (HW)	15, 55#176

## Health Care Crosswalk

22	Reimbursement (Negotiations with vendor and providers) (HW)	47, 58, 80
	<b>Issues</b>	<b>RFP</b>
23	Inform enrollees of rights to accessible and available health care services, treat with courtesy and consideration and provide information concerning the plan's policies, procedures and services (EAC)	15, 27, 29, 61, 30, 34, 4PS
24	Establish & implement a comprehensive utilization management program (EAC)	15, 31
25	Plan provides system-wide continuous quality improvement (EAC)	34, 59, 61, 5PS
26	Appeals procedure/process (EAC)	37#91, 78#30
27	Provide several alternative plans (EAC/HCAC)	3
28	Appeals procedures (EAC/HCAC)	37#91, 78#30
29	Provide adequate training to vendor's staff (EAC/HCAC)	30
30	Use of a formulary system (LAMC)	12, 72
31	Provide incentives for continuous quality improvement (other)	34
32	Cost saving initiatives (other)	
33	Behavioral Health (other)	75-79
34	Automated referrals forms (Dr. Linnebur)	56, 57

Lab = Laboratory

DOE = Department of Energy

HW = Health Watch

EAC = Employee Advisory Committee

LAMC = Los Alamos Medical Center

PS = Performance Standards

**Attachment B**  
**Minimum Requirements**

<b>Overall</b>	<b>BC/BS NM</b>	<b>QualMed (HSI)</b>	<b>Lovelace</b>	<b>Presbyterian</b>
Minimum HMO/EPO membership of 25,000 or combined HMO/EP & POS membership of 50,000 in NM	✓	✓	✓	✓
Minimum of 75 combined HMO/EP & POS group contracts in NM	✓	✓	✓	✓
Minimum of 100,000 covered lives nationwide	✓	✓	✓	✓

<b>POS</b>	<b>BC/BS NM</b>	<b>QualMed (HSI)</b>	<b>Lovelace</b>	<b>Presbyterian</b>
POS Product in NM	✓	✓	✓	✓
One NM POS client with over 2,000 members for more than 1 year (Desirable)	✓	✓	✓	✓
Network in place in Albuquerque, Española, Los Alamos & Santa Fe regions in NM and Clark County in Nevada (Desirable)	✓	Not in Clark	Not in Clark	✓
Maintain malpractice liability coverage of minimum of \$1,000,000 per occurrence; \$40,000,000 aggregate	✓	✓	✓	✓
Maintain general liability coverage of minimum of \$1,000,000 per occurrence; \$25,000,000 aggregate	✓	✓	✓	✓
Require providers to maintain minimum malpractice liability of \$1,000,000 per occurrence; \$3,000,000 aggregate	✓	✓	✓	✓

## Minimum Requirements

HMO	BC/BS NM	QualMed (HSI)	Lovelace	Presbyterian
HMO/EPO Product in NM	✓	✓	✓	✓
One NM HMO/EPO client with over 2,000 members for more than 1 year (Desirable)	✓	✓	✓	✓
Network in place in Albuquerque, Española, Los Alamos & Santa Fe regions in NM and Clark County in Nevada (Desirable)	✓	Not in Clark	Not in Clark	✓
Maintain malpractice liability coverage of minimum of \$1,000,000 per occurrence; \$40,000,000 aggregate	✓	✓	✓	✓
Maintain general liability coverage of minimum of \$1,000,000 per occurrence; \$25,000,000 aggregate	✓	✓	✓	✓
Require providers to maintain minimum malpractice liability of \$1,000,000 per occurrence; \$3,000,000 aggregate	✓	✓	✓	✓

Attachment C

ACTIVITY IN PLANNING LANL 1997 AND 1998 MEDICAL PLAN OPTIONS

Date	Meeting type	Location	Purpose	Participants
7/11/97	In person	Oakland	Final briefing - vendor selection	MEF, DT, SG, Jackson, Baker
6/10/97	In person	UC Ofc NNM	Update	Steve Sandoval, LANL Newsbulletin
6/10/97	In person	UC Ofc NNM	Update, dis. input & Q&A @ RFP & Plan Design	HealthWatch (Shaner, Hopson, Barnett)
6/10/97	In person	UC Ofc NNM	General HC status discussion	Cty Counc. Robert Gibson, SG
5/22/97			Preliminary Bid results	MEF, DT, SG, JH, Bob V, JFS, Jackson, Baker
5/15/97	phone call		HC discussion	Jackson
5-13&14/97		NM	Site Visits	MEF, DT, JH Baker, Gerst
5/13/97	In person	UC Ofc NNM	HC Status update	Cty Counc. C. Chandler, SG
5/9/97			Orals	MEF, DT, Baker, Gerst
5/9/97	Prep.	UC Ofc NNM	Prepare RFP/concerns crosswalk	S. Martinez, SG
5/8/97			Review RFP responses	Baker, Gerst
5/8/97	In person	UC Ofc NNM	Update, discuss input & Q&A @ RFP	HealthWatch reps., SG
5/2/97	In person	UC Ofc NNM	Discuss concerns of PT provider	A Weyrauch, Phy Therapist, SG
5/2/97	In person	UC Ofc NNM	Update, discuss input & Q&A @ RFP	EAC reps., SG



## ACTIVITY IN PLANNING LANL 1997 AND 1998 MEDICAL PLAN OPTIONS

Date	Meeting type	Location	Purpose	Participants
4/16/97	In person	UC Ofc NNM	Update, discuss input & Q&A @ RFP	EAC, SG
4/16/97	In person	UC Ofc NNM	Update, discuss input & Q&A @ RFP	CCHC (now HealthWatch), SG
4/9/97		UC Oakland	HC	MEF, SG
3/18/97		UC Oakland	Update to MEF on meetings in LA, Q&A	MEF, SG
3/13/97	In person	LAMC	Gen. HC discussions with HC providers & LAMC	Benson, Honsinger, Stuart, Linnebur, SG
3/13/97	In person	UC Ofc NNM	Give update, Discuss Input & Q&A	CCHC, Retirees reps., SG
3/13/97	In person	UC Ofc NNM	Give update, Discuss Input & Q&A	EAC representatives, SG
3/13/97	In person	LANL	Brief LANL HR Group Ldrs on HC	LANL HR GL, SG
3/13/97	In person	DOE LA Area Ofc	Brief DOE leadership on HC	DOE/AL & DOE LAAO, SG
3/5/97			Vendor Q&A	MEF, DT, Gerst
2/19/97	Town Hall	NM	Community meeting	MEF, SG, BobV, BK
			meeting with EAC (MEF/SG,JH)	Jackson, Baker, Lucero, Gerst, Segura, Ahn
2/18/97	Conf call		Discuss Community Meeting presentation	MEF, SG
2/10 - 2/18/97		UC Oakland	Prepare presentation for community briefings	MEF, SG
2/13/97			HC discussion	MEF, Bob V, SG
2/12/97			HC discussion	MEF, SG

## ACTIVITY IN PLANNING LANL 1997 AND 1998 MEDICAL PLAN OPTIONS

Date	Meeting type	Location	Purpose	Participants
2/11/97	In person	LANL NM	LANL HC Advis.Comm., Brief, Q&A & input	LANL Employee HCAC, SG
2/3/97	In person	UC Ofc NNM	Brief Retiree Rep., ans Q, receive Q & Input	Retiree representatives, SG
2/3/97	In person	UC Ofc NNM	Brief Los Alamos Cty Council on HC	CC Chandler, Rickman, Lawry, SG
1/29/97		UC Oakland	Discuss Concern Cit HC Input	MEF, SG
1/17/97		NM	Pru site visit/meet w/ MDs, brief on results of "time-out" benchmarking	MEF, DT, Bob V, SG Jackson, Baker, Lucero, Segura
1/13/97		UC Oakland	Discuss Input & Q&A	MEF, SG
12/18/96	Vdeoconf		Strategy for 98, plan for 1/17	MEF, DT, Bob V, SG, JH, JFS Jackson, Baker, Lucero, Gerst, Segura, Ahn
12/12/96	In person	UC Ofc NNM	HC Benefits issue UC Ans. to Quest. & Input	LANL Retirees Group, SG
12/12/96	In person	LANL	HC Benefits issue UC Ans. to Quest. & Input	LANL EAC, SG
12/12/96	In person	UC Ofc NNM	HC Benefits issue UC Ans. to Quest. & Input	Conc. Citizens for Health Care, SG
12/5/96			Strategy for 1998	MEF, DT, SG, Bob V Jackson, Baker, Lucero, Gerst
12/3/96			Public Relations	MEF, SG, Malaspina
12/2/96	In person	UC Oakland	Finalize Negotiation "Time-out"	MEF, SG

## ACTIVITY IN PLANNING LANL 1997 AND 1998 MEDICAL PLAN OPTIONS

Date	Meeting type	Location	Purpose	Participants
11/15/96	Videoconf		Strategy for 1998, PR	MEF, DT, Bob V, SG Jackson, Baker, Lucero, Gerst, Segura, Ahn
11/13/96	In person	LANL NM	Discuss HC Benefits issue, Receive Q & Input	LANL Empl. Advisory Council (EAC), SG
11/13/96	In person	UC Ofc NNM	Discuss HC Benefits issue, Receive Q & Input	LANL Retirees Group, SG
11/13/96			HC discussion	MEF, Bob V
11/11/96			HC discussion	MEF, Bob V, SG
11/6/96			HC discussion	MEF, Bob V
10/30/96			HC discussion	MEF, Bob V, SG
9/26/96			HC discussion	MEF, SG
9/16/96	Conf. call		HC discussion	MEF, Jackson, VWK
8/30/96			HC discussion	MEF, Bob V
8/27/96		NM	Pru briefing, 96 experience, 97 costs, 98 strategy	MEF, DT, Sam G Jackson, Baker, Lucero, Gerst Mark Jenkinson, Jody Biondi, Chris Doherty George Ginsberg, Barbara Siegel
7/29/96	Phone call		Update on 97 costs	MEF, Gerst
7/10/96			Briefing on preliminary 97 costs, 95 Experience	MEF, DT, Gerst, Segura

Key:

BK - James F. (Buck) Koonce (UCOP LAO)

Bob V Robert Van Ness (UCOP LAO)

DT Deloitte & Touche (UC Health Care Consultants)

JFS James F. Sullivan (UCOP)

JH Jeannette Harroun (UCOP Laboratory Administration Office)

MEF Michele E. French (UCOP Benefits)

SG Sam Gibson (UCOP LAO)

VWK V. Wayne Kennedy (UCOP)

CCHC Concerned Citizens for Health Care (now called HealthWatch)

HC Health Care

HCAC Health Care Advisory Committee